

BEFORE THE  
TENNESSEE STATE BOARD OF EQUALIZATION

<i>In Re:</i>	Thomas R. & Patricia G. Petty	)	
	District G2, Block 42P, Parcel A1	)	
	Residential Property	)	Shelby County
	Tax year 2005	)	

INITIAL DECISION AND ORDER

Statement of the Case

The Shelby County Board of Equalization ("county board") has valued the subject property for tax purposes as follows:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$163,100	\$751,900	\$915,000	\$228,750

On February 6, 2006, the property owners filed an appeal with the State Board of Equalization ("State Board").

The undersigned administrative judge conducted a hearing of this matter on April 6, 2006 in Memphis. The appellant, Thomas R. Petty, represented himself at the hearing. Staff appraiser Chuck Blow appeared on behalf of the Shelby County Assessor of Property.

Findings of Fact and Conclusions of Law

Like many other complaints to the State Board involving the assessment of residential property, this appeal turns on the selection and interpretation of comparative sales data.

The property in question, located at 9060 Bridge Forest Drive in Germantown, is a brick/stone house that was built in 1992. A drainage ditch traverses the 1.93-acre lot – one of only seven in the exclusive Forest Hill Woods subdivision.

As Mr. Petty recalled at the hearing, this is not the first time that he and his wife Patricia have challenged the Assessor's valuation of the subject property since they acquired it in 1992. Indeed, almost 12 years ago, the taxpayers' initial appeal to the State Board on this property was heard by the undersigned administrative judge.<sup>1</sup> Thomas R. & Patricia G. Petty (Shelby County, Tax Year 1993, Initial Decision and Order, September 9, 1994).

In the tax year under appeal here, the Assessor originally valued the subject property at \$965,000. The hearing officer to whom the county board referred the owners' ensuing complaint recommended a reduced appraisal of \$860,000; however, the Assessor's office took exception to that figure. The full county board virtually split the difference, setting the value at \$915,000. Mr. Petty subsequently perfected this appeal in the hope of vindicating the hearing officer's recommendation.

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<sup>1</sup>The subject property was later annexed by the city of Germantown.



The appellant sought valuation of the subject property on the basis of the *mean* price per square foot (\$114) of four purportedly comparable homes in his neighborhood which sold within a six-month period preceding the January 1, 2005 reappraisal date.<sup>2</sup> In his mind, this was the appraisal “formula” mandated by state law. The Assessor’s representative, on the other hand, relied primarily on the sale of a slightly smaller house next door (9030 Bridge Forest Drive) in May, 2004 for \$949,000.<sup>3</sup> Mr. Blow deemed that property to be the best of the five comparables included in his market analysis.

Tenn. Code Ann. section 67-5-601(a) provides (in relevant part) that “[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values....”

Since the taxpayer seeks to change the present valuation of the subject property, he has the burden of proof in this administrative proceeding. State Board Rule 0600-1-.11(1).

Crucial in the application of the sales comparison approach, of course, is the reconciliation of the values indicated by the market transactions. An authoritative textbook expounds on this topic as follows:

Ideally, the value estimates will be within a narrow range. **In selecting the single value estimate, the assessor must never average the results. Rather, the process requires the assessor to review the adjustments made and place the greatest reliance on the most comparable property.** [Emphasis added.]

International Association of Assessing Officers, Property Appraisal and Assessment Administration (2<sup>nd</sup> ed. 1996), pp. 123-24.

In light of this principle, the administrative judge must respectfully reject the value that the appellant admittedly derived by averaging comparable sale prices. The Assessor’s representative followed generally accepted appraisal methodology in accentuating the recent sale of an adjoining residence of similar age, size, and physical characteristics. Mr. Petty, it should be noted, did not dispute the Assessor’s use of that property (9030 Bridge Forest Drive) as a comparable – the \$949,000 price for which supports the value determined by the county board for the subject property.

#### Order

It is, therefore, ORDERED that the following values be adopted for tax year 2005:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$163,100	\$751,900	\$915,000	\$228,750

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<sup>2</sup>Curiously, Mr. Petty did not specifically identify the comparable sales he alluded to at the hearing, nor did the appellant tender any documentary evidence for the record. In retrospect, he may have mistakenly assumed that information he had previously presented to the county board would be transmitted to the State Board for its review.

<sup>3</sup>According to the Assessor’s computer-assisted mass appraisal system, the “adjusted” sale price for 9030 Bridge Forest Drive was \$1,212,770.



Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 5<sup>th</sup> day of May, 2006.



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PETE LOESCH  
ADMINISTRATIVE JUDGE  
TENNESSEE DEPARTMENT OF STATE  
ADMINISTRATIVE PROCEDURES DIVISION

cc: Thomas R. Petty  
Tameaka Stanton-Riley, Appeals Manager, Shelby County Assessor's Office  
Rita Clark, Assessor of Property

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